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OFFICE OF THE COUNTY AUDITOR INTEROFFICE MEMORANDUM

TO: All Council Members
FROM: Lauren M. Smelkinson, County Auditor
DATE: April 9, 2018
SUBJECT: Addendum to Council Meeting Notes (FM-1)

Please find attached an addendum to the Council Meeting Notes issued April 5, 2018. This item (FM-1) will be discussed at the April 10, 2018 work session for the April 16, 2018 Council meeting.

Attachment

cc: notes distribution list

FM-1 (Contract Amendment)**Council District(s) 5**

Department of Economic and Workforce Development

York Road and Bosley Avenue

The Administration is requesting approval of a second amendment to a contract to sell surplus property, located at 800 York Road, to CVP-TF, LLC. The property is located at the site of the former Towson Fire Station and Department of Public Works maintenance buildings and is zoned BM-DT (Business Major–Downtown Towson). According to the Administration, this sale will return surplus County property to the tax rolls and relieve the County of related maintenance costs. The proposed second amendment revises several sections of the contract, including amending the sale price to \$6,912,685, providing a credit of \$1,928,617 to the developer at closing in exchange for a forgone 10-year Commercial Revitalization Property Tax Credit, and providing for a new closing deadline of June 30, 2018. See Exhibit A.

Fiscal Summary**Sale
Price**

\$6,912,685**Notes**

CVP-TF, LLC will receive a credit of \$1,928,617 at closing, which represents the estimated present value of a forgone 10-year Commercial Revitalization Tax Credit, resulting in a net sale price of \$4,984,068.

Analysis

On December 2, 2013, the Council approved the original contract of sale to CVP-TF, LLC for \$8.3 million; CVP-TF, LLC planned to utilize the property for a Royal Farms fuel station and other commercial uses, subject to the Planned Unit Development (PUD) approval process. On December 19, 2016, the Council approved Resolution 113-16, which advanced the review of the proposed Towson Station PUD; the PUD process stalled due to community concerns about the inclusion of a fuel station in the development. On July 26, 2017, the County executed the first

amendment to the contract, which extended the transaction's closing date to December 31, 2023. The proposed second amendment states that the community and developer negotiated a new plan, which no longer includes a fuel station component, among other provisions.

The proposed second amendment revises the purchase price from \$8.3 million to \$6,912,685. According to the Administration, “[f]rom the outset, the project acreage has always been a “to be determined” figure. The understanding has always been that the land to be acquired and developed would include all property previously occupied by the fire station, salt dome, and DPW shop, and would exclude an area around the existing communications tower (with the acreage/outline of the area to be determined later)...The engineered concept plan recently submitted in support of the revised version of the project shows 4.65 ac. for the site.” The Administration advised that the County and CVP-TF, LLC agreed to a reduction in the purchase price of the property based on one appraisal and one economic evaluation conducted in February 2018. The Administration further advised that the reduced sale price reflects the elimination of the fuel station use and the sale of the adjacent parcel to 718 York Road, LLC. (The original contract of sale included a parcel of land utilized by the adjacent Towson Diner; on September 6, 2016, the Council approved the County's transfer of the 0.133-acre parcel to the Diner (718 York Road, LLC) for a consideration of \$149,000.)

The proposed second amendment states that CVP-TF, LLC must submit a new concept plan (an “Alternate Plan”) to the County, which shall proceed through the standard development and review process, not the PUD process. If CVP-TF, LLC develops the property in accordance with the Alternate Plan, it will not be required to execute certain design enhancements, and it will not be required to pay the “community benefit” associated with the PUD. CVP-TF, LLC is permitted to abandon the Alternate Plan and continue to pursue the PUD under the following situations: the County's Administrative Law Judge (ALJ) approves a plan that is inconsistent with the filed Alternate Plan; the ALJ's approved plan is consistent with the Alternate Plan filed by CVP-TF, LLC, but an appeal is filed to the County's Board of Appeals; the ALJ denies the Alternate Plan; or a law is enacted that prevents the construction of the project depicted on the Alternate Plan. The proposed second amendment states that if CVP-TF, LLC pursues the PUD, CVP-TF, LLC must fulfill certain project design enhancements at the discretion of the County. It also must pay an additional \$1,287,315 (increasing the total purchase price to \$8.2 million) but is entitled to pursue the County's Commercial Revitalization Property Tax Credit.

The proposed second amendment provides that if CVP-TF, LLC obtains final approval of the Alternate Plan, CVP-TF, LLC is required to withdraw its PUD application and not pursue approval of the PUD. CVP-TF, LLC may waive its right to pursue the Commercial Revitalization Property Tax Credit to which it is entitled, and CVP-TF, LLC will receive a credit of \$1,928,617 at closing, which represents the estimated present value of the forgone 10-year tax credit. The Administration advised that although actual property tax revenues are always a function of market conditions, this estimate is conservative based on current information available. If CVP-TF, LLC does not receive approval of the Alternate Plan and also does not pursue the PUD (or pursues the PUD and does not obtain final approval), then CVP-TF, LLC may pursue any use of the parcels that is permitted by County law.

The proposed second amendment states that within 30 days of the Alternate Plan's approval, documents must be executed to secure the County's easements across the transferred parcels and for reserving rights surrounding the Telecommunications Tower Area of the property. At its own expense, the County must also complete all work related to relocating utility lines within the Telecommunications Tower Area, and the County must locate and remove any underground storage tanks.

The proposed second amendment resets the transaction's closing date to June 30, 2018 (unless extended by a mutual agreement of CVP-TF, LLC and the Administrative Officer) and removes the requirement for CVP-TF, LLC to provide the County with a \$1 million letter of credit; the second amendment also makes several other technical clarifications regarding governing laws, section headings, recitals, etc. All other terms and conditions remain the same.

The Department advised that as of April 4, 2018, the County has incurred costs totaling \$169,983 related to this transaction, including \$91,881 for demolition, \$29,052 for tree removal, approximately \$23,000 for relocation of fiber optic cables, and \$26,050 for three real estate appraisals and one economic evaluation. The Department also advised that other expenses related to the removal of fuel tank(s) and disconnecting/relocating utilities are to be determined.

County Code, Section 3-9-104 requires Council notification of properties no longer needed for public use. The County may convey the property upon Council approval.



COUNCIL ACTION REQUEST FORM

EXECUTIVE SUMMARY

On December 2, 2013, the County entered into a contract of sale to sell to CVP-TF, LLC certain property located at the southwest corner of York Road and Bosley Avenue. Included in the sale was a parcel of land used by the adjacent Towson Diner. Since the date of the original contract, the County has transferred that parcel to the Diner, and the parties agreed to a reduction in the purchase price.

CVP-TF, LLC will pay to the County the sum of \$6,912,685 for the property, less a credit in the amount of \$1,928,617, which represents the present value of the Revitalization Tax Credit, which is being waived by CVP-TF, LLC.

Closing will occur on or before June 30, 2018. Subsequent to Closing, CVP-TF, LLC will pursue approval of a concept plan for a development project that contains commercial uses permitted by right in the BM-DT zone, and shall not include a fuel service station.

If the new plan is not approved, CVP-TF, LLC has the right to proceed to seek approval of the Planned Unit Development, and shall pay the County an additional \$1,287,315.

Prepared by: Department of Economic and
Workforce Development